

NEW YORK TIMES
17 September 1985

Numerous Possible Buyers Show Interest in U.P.I.

By ALEX S. JONES

Several prospective buyers have submitted nonbinding "expressions of interest" in acquiring United Press International, U.P.I. executives said yesterday.

Sources close to the situation who asked not to be identified said that among those submitting tentative proposals were major communication companies, some significant financial and venture capital concerns, U.P.I.'s union, a rival news agency, at least two individuals with former ties to the Central Intelligence Agency, and some foreign publishing companies.

The financially troubled news service had set yesterday as a deadline for "expressions of interest," and it plans to seek firm bids for the company in early October. Those who indicated their interest are not obliged to submit formal bids.

A bankruptcy judge must approve any final sale as part of the reorganization of the company, and it could be several months before the situation is resolved, according to U.P.I. officials.

Survival as News Service Sought

U.P.I. filed for protection from its creditors under Chapter 11 of the United States Bankruptcy Code last spring and has been seeking a buyer who would assure the survival of the company as a general news service. Company officials said yesterday's responses from prospective buyers, although they were not firm offers, were a strong indication that U.P.I. would be able to attract such a buyer.

U.P.I. had been circulating a prospectus on the company for several weeks, and those submitting expressions of interest were asked to include a preliminary estimate of how much U.P.I. was worth, the buyer's financial qualifications and plan for financing, and a general description of how the buyer planned to operate the news agency, according to a U.P.I. spokesman.

Ray Wechsler, president of U.P.I., said that U.P.I. would not rule out consideration of other companies that might indicate serious interest in U.P.I. in the next few days, even though the deadline has passed.

Those Indicating Interest

U.P.I. would not confirm the identities of any of the parties who indicated interest yesterday, but a partial list, compiled through sources who asked not to be identified, includes these companies:

Gulf and Western Industries, which, among other things, is one of the nation's leading book publishers and financial information companies. Its holdings include Simon & Schuster, Paramount Pictures and Madison Square Garden. The company did not return calls seeking confirmation yesterday.

Turner Broadcasting System Inc., the Atlanta-based communication company owned by Ted Turner, whose holdings include the Cable News Network. Mr. Turner recently tried to acquire CBS Inc. but was rebuffed. According to Arthur Sando, vice president of corporate communications of Turner Broadcasting, the company is "reviewing" the U.P.I. prospectus and has not decided whether an expression of interest will be submitted.

The Russo Companies, a Houston group headed by Joe E. Russo that has interests in real estate development, banking and hotels. A spokesman confirmed that the Russo Companies have submitted an expression of interest on behalf of themselves and an unidentified group of investors. Lazard Frères & Company, the investment banking concern, is representing the Russo Companies. Mr. Russo said the group would maintain U.P.I. as a general news service, but did not say how much it had offered.

Burt SerVaas, chairman of the Curtis Publishing Company, of Indianapolis, and his wife, Cory, editor and publisher of The Saturday Evening Post, which was once owned by Curtis Publishing but is now owned by the Benjamin Franklin Society, a nonprofit organization. Mr. SerVaas said that he and his wife were part of a group he would not identify that offered \$13.9 million to \$17.9 million for U.P.I. earlier this summer, an offer that was allowed to expire. The new proposal, made on behalf of the same group, is essentially the same, he said. He would not disclose the identities of the others involved.

Max Hugel, chairman of a Washington company that owns several franchises to market mobile cellular telephones, and an undisclosed group of investors. Mr. Hugel said he was involved in telecommunications. Mr. Hugel, a former deputy director for operations of the Central Intelligence Agency who was an adviser to President Reagan's re-election campaign, worked in the C.I.A. for six months in 1981 in a job that included supervision of clandestine operations. He resigned after being accused of having illegally provided insider information to two stockbrokers in the early 1970's. Mr. Hugel sued the stockbrokers for defamation, and was awarded damages of \$931,000 last year. Mr. Hugel said it would be "absolutely ridiculous" to think that his connection with the C.I.A. would color a decision on his offer. U.P.I. executives who asked not to be identified said that such a connection might suggest that U.P.I. had inappropriate links to the intelligence organization, but they did not say that Mr. Hugel was being ruled out as a possible buyer.

Robert Cunningham, former owner of the Daily American, an English-language newspaper in Rome. From 1951 to 1964 he was an employee of the Cen-

tral Intelligence Agency, at one point supervising clandestine operations. Mr. Cunningham, who is retired and lives in Pawley's Island, S.C., intends to couple U.P.I. with a newspaper supplement tentatively titled "Today's World" that would carry national advertising.

The Wire Service Guild, the union representing 750 U.P.I. employees. Last Thursday guild officials and U.P.I. management agreed to cooperate in seeking a buyer. Dan Carmichael, the union's secretary-treasurer, said that the union's proposal opened the door to a possible partnership between the union and a buyer, but added that the union would consider other proposals and its expression of interest did not mean it would fight any offer other than its own.

Reuters, the British news agency that has made several tentative efforts to acquire U.P.I. but has been rebuffed, according to confidential U.P.I. sources, because its offer included changing U.P.I. from a general agency into a more specialized one. A Reuters spokesman said that the company would have no comment.

Alan Patrikof Associates Inc., a New York venture capital company. No one at the company could be reached for confirmation.

Thomas H. Lee Company, a Boston investment banking concern. A spokesman said that the company's policy was not to comment.

Golder, Thoma & Cressey, a Chicago venture capital company. All company officials were out of town and could not be reached, according to an employee.

Vasquez Raña, a Mexican publisher whose Sol chain of newspapers is one of the largest in Mexico. Mr. Raña could not be reached for comment.

EFE, Spain's national news agency. According to confidential sources, EFE is representing a group of banks and communication companies in its potential bid. No representative of the company could be reached for comment.

Comtex Scientific Corporation, a joint venture with U.P.I. that owns the right to use U.P.I.'s news report as a data base for electronic publishing. No company representatives could be reached for comment.

Pedro Lopez, chief operating officer and chief shareholder of Central Federal Savings and Loan Company of Miami, who had expressed an interest in acquiring U.P.I. last spring. Mr. Lopez could not be reached for comment.

Tele-Communications Inc., of Denver, one of the nation's largest cable television companies. No one at the company could be reached for comment.